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U. S. DEPARTMENT OF AGRICULTURE

SUGAR DIVISION

STATEMENT CONCERNING 1939 BEET SUGAR MARKETING ALLOTMENTS

The Secretary of Agriculture has received a number of telegrams from individuals and organizations in Utah, Idaho, and Oregon appealing to him to increase the sugar marketing allotments for processors in those States, in order that these processors might avoid carrying over heavy reserve stocks of sugar. The writers of the telegrams expressed fear that failure to increase the marketing allotments of some local processors might lead such processors to refuse to contract for the full production from the sugar beet acreage allotted growers in that territory.

There is apparently a serious misunderstanding regarding the basis of the marketing allotments which have been established for these processors, and there is also the erroneous impression that the Secretary of Agriculture has discretionary powers to make special adjustments to remedy local situations without the application of some uniform rule. This mistaken impression is not surprising since this is the first time under the present Sugar Act that such allotments have been needed.

The division among processors of the quota for any area is governed by the provisions of the Act. The allotments to individual processors must be made after public hearings and must be fair and equitable and in accordance with certain standards in the Act, such as the company's past marketings and processings of sugar beets from grower proportionate shares. As a further protection for the sugar beet industry in any area, the Act provides for direct appeal to the courts within twenty days by any processor who feels that his marketing allotment is unfair. Such appeal, of course, would make possible full and impartial review of the marketing allotment determination for the entire beet area.

Virtually every sugar beet processing company in the United States was represented at the public hearing on marketing allotments. Each company naturally presented or supported the formula which would result in a favorable allotment for it. One group of companies, which included the Great Western Sugar Company and the Holly Sugar Corporation and which did not have as large a proportion of its last crop unmarketed as did most other processors, proposed a formula which would give more weight to past marketing history than to production from last year's crop. Another group of processors, which included the Amalgamated

Sugar Company and the Utah-Idaho Sugar Company, and which on January 1 had more than an average proportion of the last crop unmarketed, argued for a formula which would give dominant weight to either the last crop or to the inventory left from the last crop. The final decision of the Department did not follow either of the extreme contentions made by the interested parties but endeavored to establish a basis which would be most fair to all concerned. In making his allotment decision, the Secretary is limited to the facts contained in the record of the public hearing. The order in the present case provided that one-fourth weight should be given to past marketings and three-fourths weight to processings from the large 1938 crop.

Under this order, some companies which withheld sugar from market in 1938 have stocks of sugar too large to be marketed completely this year under their 1939 marketing allotments. In this connection, it should be pointed out that practically all sugar beet processors have taken the position that the industry should be permitted to carry substantial reserve stocks from years of large production, like 1938, in order to have sufficient supplies of sugar available to meet the beet sugar quota in lean years. Their attitude in the matter was no doubt due to the fact that in every year since 1934 the beet sugar industry has failed to fill its quota, -- in 1937 by as much as 375,000 tons of sugar. In such years it was necessary to reallot this quota deficit to other producing areas which had the sugar. Beet sugar interests naturally regretted losing such opportunities to market the full quota for the area, and largely for this reason many processors expressed a strong desire to carry substantial reserves. It is therefore difficult to understand the present objections to a situation which was anticipated, and which was apparently not objectionable to the processors.

It is natural for each processor to seek as large a share as he can get of the marketing quota for the sugar beet area. The Department, however, must base its determination of individual processor allotments upon factors which will be fair to all processors. Some processors disposed of a large proportion of their sugar stocks last year; others did not. Many of the telegrams received mention The Amalgamated Sugar Company. This company produced 2,666,759 bags of sugar in 1938 but marketed only 1,647,117 bags. As a matter of fact, although this firm's average marketings during the three-year period, 1936-38, amounted to 1,423,920 bags, its 1939 marketing allotment is 2,180,000. It seems obvious that an unfair division of the available quota would result if those who withheld from the market last year were given individual preference because of their relatively heavy reserve stocks that resulted from such action.

It would be unfortunate if growers were led to fear that unless 1939 marketing allotments are increased they will be unable to market the sugar beets produced on their proportionate share acreage.

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several field sites at the same elevation to determine if there is
any difference in soil and surface water quality between sites
with different vegetation cover or soil type.

PROVISIONS OF TENTATIVE DETERMINATION OF FAIR AND REASONABLE PRICES
FOR THE 1939 CROP OF LOUISIANA SUGARCANE

It is proposed to recommend to the Secretary of Agriculture that:-

(a) Fair and reasonable prices for the 1939 crop of Louisiana sugarcane shall be (when the price of 96° raw sugar, duty paid basis, is 3.50 cents per pound) not less than \$1.00 per ton of standard sugarcane for each 1 cent of the price of one pound of 96° raw sugar, duty paid basis, calculated in accordance with one of the following options: (1) the simple average of the weekly quotations for the week or weeks in which delivery of sugarcane is made, or (2) the simple average of the weekly quotations for the weeks from September 29, 1939, to April 18, 1940, or (3) the weighted average of the weekly quotations for the weeks from September 29, 1939, to April 18, 1940, computed for each processor by adding (a) the simple average of the weekly quotations for the weeks from September 29, 1939, to December 28, 1939, multiplied by the ratio (but not in excess of 100 per centum) which the amount of sugar produced from proportionate share acreage of sugarcane of the 1939 crop that the processor may market in 1939 (as the result of marketing allotments) bears to the total 1939 sugar production of such processor and (b) the simple average of the weekly quotations for the weeks from December 28, 1939, to April 18, 1940, multiplied by the difference between 100 per centum and the ratio used above:

Provided, however, That in the event the processor (as the result of marketing allotments) is not permitted during 1939 and 1940 to market all of the sugar produced from proportionate share sugarcane of the 1939 crop, he may settle with the producer, for a percentage of the total deliveries of sugarcane of the 1939 crop equal to the ratio which the amount of sugar produced from proportionate share acreage of sugarcane of the 1939 crop marketable in 1939 and 1940 bears to the total production from the 1939 crop on the basis of \$1.00 per ton of standard sugarcane for each 1 cent of the price of one pound of 96° raw sugar, duty paid basis, calculated by adding (i) the simple average of the weekly quotations for the weeks from September 29, 1939, to December 28, 1939, multiplied by the ratio which the amount of sugar from the 1939 crop that the processor may market in 1939 bears to the total amount of sugar of the 1939 crop which may be so marketed in 1939 and 1940 and (ii) the simple average of the weekly quotations for the weeks from December 28, 1939, to April 18, 1940, multiplied by the difference between 100 per centum and the ratio used in (i) above; and, for the remainder of the deliveries of each producer, settlement may be made on the basis of 97 cents per ton of standard sugarcane for each 1 cent of the average of the weekly quotations for the weeks from January 2, 1941, to January 30, 1941, or such other period prior thereto as may be agreed upon between the processor and the producer; and

Provided, further,

(1) That for each decline of 1/4 cent in the price of one pound of 96° raw sugar, determined in accordance with the option selected, below 3.50 cents per pound, the price of standard sugarcane shall be reduced by not more than 3 per centum, with intervening prices in proportion, unless the price of sugar falls below 2.75 cents, in which case no further reduction shall be made;



(2) That for an advance of 1/4 cent in the price of one pound of 96° raw sugar, duty paid basis, determined in accordance with the option selected, above 3.50 cents per pound, the price of standard sugarcane shall be increased by not less than 3 per centum, with intervening prices in proportion, unless the price of raw sugar exceeds 3.75 cents per pound, in which case settlement shall be made on the basis of \$1.03 for each 1 cent of the price;

(3) That the premiums paid for sugarcane containing more sucrose in the normal juice than that defined as par sugarcane in the contract, or contracts, under the terms of which the processor purchased sugarcane in the 1938 crop shall be not less than those paid by such processor during the 1938 crop;

(4) That the discounts applicable to sugarcane containing less sucrose in the normal juice than that defined as par sugarcane in the purchase contract, or contracts, used in 1938 shall be not greater than those applied in connection with the 1938 crop;

(5) That deductions based upon decreased boiling house efficiency may be made for frozen sugarcane accepted by the processor (it being understood that cane shall not be considered as frozen even after being subjected to freezing temperature unless and until there is evidence of damage having taken place because of the freeze) at a rate not in excess of 3.775 per centum of the payment, computed as aforesaid, for each .25 cc. of acidity above 2.25 cc. but not in excess of 4.50 cc. (analyzed in accordance with the established methods of the area, with intervening fractions computed to the nearest multiple of .05 cc.)

(b) Definitions and General Provisions. For purposes of this determination:

(1) The simple average of the weekly quotations means the simple average of the weekly quotations for 96° raw sugar, duty paid basis, on the Louisiana Sugar and Rice Exchange and the Cane Products Trade Association Exchange.

(2) Standard sugarcane shall be sugarcane containing no more sucrose in the normal juice than was defined as par sugarcane by the processor in his sugarcane purchase contract, or contracts, verbal or written, used in the year 1938.

(3) The optional basis for settlement selected shall be announced prior to the commencement of the grinding season and the processor shall notify the State Executive Officer in charge of the sugar program, in writing, of the option elected for settlement purposes.

(4) Costs, such as hoisting and weighing of sugarcane, shall be absorbed by the producer or processor, as the case may be, who absorbed such costs in 1937, but nothing in this paragraph shall be construed as prohibiting negotiations with respect to the level of such costs, subject upon appeal, to review by the Secretary of Agriculture or his authorized agent in the event of charges unfair to either producer or processor.

(5) Where the only available practicable means of transportation are rail facilities and the distance to the nearest factory is in excess of 70 miles, the cost of transportation may, by mutual consent of the interested parties, and subject to review by the Secretary of Agriculture or his authorized agent, be shared by the processor and producer.

(6) The processor shall not, through any subterfuge or device whatsoever, reduce the returns from the 1939 crop of Louisiana sugarcane to the grower below those determined above.

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SUGARUNITED STATES DEPARTMENT OF AGRICULTURE
SUGAR DIVISION
Washington, D. C.STATEMENT AND PROCLAMATION OF PRESIDENT ROOSEVELT CONCERNING SUSPENSION
OF SUGAR QUOTAS

(Reprinted by the Sugar Division)

After President Roosevelt had issued his proclamation temporarily suspending the marketing quota provisions of the Sugar Act of 1937, he made the following statement:

"I have issued a proclamation today temporarily suspending marketing quotas on sugar as an emergency measure required under provisions of the Sugar Act of 1937.

"This suspension was made necessary by increased world demand for sugar as a result of the outbreak of war in Europe, extraordinary purchases of sugar by consumers, and apparent speculative activity. Many consumers, presumably, have been purchasing sugar with the view of holding it in reserve against the possibility of a lengthy war and some speculators and other holders have apparently taken advantage of this situation to advance prices rapidly and capture windfall profits.

"The continuance of quota restrictions under the Sugar Act would, of course, place a restraint on the marketing of sugar produced this year in beet sugar producing States and in Louisiana and Florida.

"A great number of complaints have been made within the past few days that quota restrictions on sugar marketing are making it difficult and costly for housewives and industrial users to get enough sugar to supply domestic needs.

"Sugar quotas first became effective in 1934 with the passage of the Jones-Costigan Act. Under peacetime conditions the quota system protected producers of sugar, but made ample supplies of the product available at reasonable prices to consumers. Of necessity, however, the quota system meant certain restrictions. Suspension of quotas removes all these restrictions.

"It should be kept in mind that, under the law, quotas may be reinstated if such step becomes necessary for the welfare of sugar producers.

"It should also be noted that domestic sugar producers will continue to receive payments under the 1939 conditional payment program now in effect. Producers will, of course, understand that under provisions of the Sugar Act

it should not be assumed that payments can be made with respect to future crops so long as quotas must be continued in suspension. Nor should anyone assume that increased acreage planted under the stimulus of war conditions can be made permanent for purposes of determining future allotments."

The Presidential proclamation reads as follows:

"WHEREAS Section 509 of the Sugar Act of 1937 provides, in part:

"Whenever the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, he shall by proclamation suspend the operation of title II or III above, which he determines, on the basis of such findings, should be suspended, and, thereafter, the operation of any such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exists. * * *";

"WHEREAS the outbreak of war among major European countries has resulted in excessive and harmful speculation in sugar and rapidly rising prices to consumers, which conditions are accentuated by the marketing limitations imposed under title II of the Act; and

"WHEREAS such increased prices of sugar will not accrue to the benefit of the majority of producers by reason of the sale of much of their current crop before the outbreak of the war:

"NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority vested in me by the foregoing provision of the Sugar Act of 1937, do hereby find and proclaim that a national economic emergency exists with respect to sugar, and do by this proclamation suspend the operation of title II of that Act.

"DONE at the City of Washington this 11th day of September in the year of our Lord nineteen hundred and thirty-nine, and of the Independence of the United States of America the one hundred and sixty-fourth."

/s/ FRANKLIN D. ROOSEVELT
President.

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SUGAR QUOTAS

UNITED STATES DEPARTMENT OF AGRICULTURE
SUGAR DIVISION
Washington, D. C.

STATEMENT AND PROCLAMATION OF PRESIDENT ROOSEVELT RESTORING
SUGAR QUOTAS

(Reprinted by the Sugar Division)

When President Roosevelt issued his proclamation under the Sugar Act of 1937 reestablishing the Sugar Quota System for the year 1940, he made the following statement:

"I have issued a proclamation today terminating the suspension of marketing quotas on sugar, which suspension was made necessary on September 11, 1939, by the extraordinary purchases of sugar by consumers immediately after the outbreak of the war in Europe and the excessive speculative activity and advancing prices which accompanied such purchases. Since that time consumer hoarding of sugar has ceased and the price of raw sugar has declined to the price which was in effect before the war. It should be noted that under the law the quotas may again be suspended if such action becomes necessary to protect the consumers."

The Presidential proclamation reads as follows:

"WHEREAS section 509 of the Sugar Act of 1937 provides, in part:

'Whenever the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, he shall by proclamation suspend the operation of title II or III above, which he determines, on the basis of such findings, should be suspended, and, thereafter, the operation of any such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exist. ****'; and

WHEREAS by proclamation issued September 11, 1939, I found and proclaimed that a national economic emergency existed with respect to sugar and suspended the operation of title II of that Act:

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority vested in me by the foregoing provision of the Sugar Act of 1937, do hereby find



and proclaim that the facts which occasioned such suspension no longer exist and do by this proclamation remove the suspension of the operation of title II of that Act with respect to the calendar year 1940.

DONE at the City of Washington this
26th day of December in the year of our
Lord nineteen hundred and thirty-nine,
and of the Independence of the United
States of America the one hundred and
sixty-fourth."

/s/ FRANKLIN D. ROOSEVELT
President